

# PAN OCEAN CO. LTD.

(Incorporated in the Republic of Korea)

## THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

### PART I. INFORMATION REQUIRED FOR ANNUAL ANNOUNCEMENT

#### 1.(a)(i) A statement of comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

For the period ended 30 September 2021 (in thousands of US\$)

	The Group			The Group		
	2021	2020	%	2021	2020	%
	Three months ended Sep 30	Three months ended Sep 30		Nine months ended Sep 30	Nine months ended Sep 30	
Sales	1,154,936	533,781	116.4%	2,774,624	1,563,194	77.5%
Cost of sales	(970,003)	(465,274)	108.5%	(2,409,496)	(1,378,092)	74.8%
<b>Gross profit</b>	184,933	68,507	169.9%	365,128	185,102	97.3%
Selling and administrative expenses	(17,501)	(15,645)	11.9%	(53,677)	(47,638)	12.7%
<b>Operating profit</b>	167,432	52,862	216.7%	311,451	137,464	126.6%
Finance income	11,806	(977)	N/M	21,937	12,015	82.6%
Finance costs	(13,683)	(9,901)	38.2%	(37,912)	(34,897)	8.6%
Other non-operating income (loss), net	(3,694)	(5,972)	-38.1%	(6,355)	(26,808)	-76.3%
Share of profit of associates	(4,590)	(57)	7952.6%	(1,040)	9	N/M
<b>Profit before income tax</b>	157,271	35,955	337.4%	288,081	87,783	228.2%
Income tax expense	541	613	-11.7%	946	859	10.1%
<b>Profit for the period</b>	156,730	35,342	343.5%	287,135	86,924	230.3%
<b>Other Comprehensive income(loss)</b>						
<b>Items that will be subsequently reclassified to profit or loss:</b>						
Changes in the fair value of derivative financial assets	(1,951)	(220)	786.8%	497	(1,442)	N/M
Share of the other comprehensive income of associates	(15)	34	N/M	(87)	(21)	314.3%
Exchanges differences	(691)	-	N/M	(1,288)	-	N/M
	(2,657)	(186)	1328.5%	(878)	(1,463)	-40.0%
<b>Items that will not be reclassified to profit or loss:</b>						
Remeasurements of defined benefit liability	(9)	(22)	-59.1%	(55)	(17)	223.5%
Exchanges differences	-	6,089	N/M	-	9,278	N/M
<b>Total other comprehensive income(loss) for the period, net of tax</b>	(2,666)	5,881	N/M	(933)	7,798	N/M
<b>Total comprehensive income for the period</b>	154,064	41,223	273.7%	286,202	94,722	202.1%
<b>Profit (loss) attributable to :</b>						
Owners of the Group	156,730	35,347	343.4%	287,135	88,453	224.6%
Non-controlling interests	-	(5)	N/M	-	(1,529)	N/M
	156,730	35,342	343.5%	287,135	86,924	230.3%
<b>Total comprehensive income (loss) attributable to :</b>						
Owners of the Group	154,064	41,216	273.8%	286,202	96,244	197.4%
Non-controlling interests	-	7	N/M	-	(1,522)	N/M
	154,064	41,223	273.7%	286,202	94,722	202.1%

N/M : Not meaningful

**1.(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (in thousands of US\$).**

	<b>The Group</b>		<b>The Company</b>	
	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	284,525	218,346	216,946	150,792
Trade receivables	184,701	137,082	151,414	118,317
Contract Assets	158,706	50,790	157,142	50,790
Other receivables	39,887	18,500	34,807	17,485
Derivative financial assets	9,768	13,746	4,692	1,286
Other financial assets	25,251	23,066	24,301	22,856
Inventories	76,711	52,592	76,711	52,592
Other assets	209,160	94,815	195,792	88,650
	<b>988,709</b>	<b>608,937</b>	<b>861,805</b>	<b>502,768</b>
<b>Non-current assets</b>				
Other receivables	20,126	21,863	17,833	20,098
Derivative financial assets	1,674	-	1,674	-
Other financial Assets	8,540	8,963	8,540	8,963
Investments in subsidiaries	-	-	93,737	93,737
Investments in associates	98,284	74,130	29,251	1,252
Vessels, property and equipment	3,995,928	3,559,786	3,979,351	3,541,819
Intangible assets	5,525	6,102	4,421	4,541
Other assets	2,005	2,689	1,083	2,131
	<b>4,132,082</b>	<b>3,673,533</b>	<b>4,135,890</b>	<b>3,672,541</b>
<b>Total assets</b>	<b>5,120,791</b>	<b>4,282,470</b>	<b>4,997,695</b>	<b>4,175,309</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade payables	208,548	129,506	165,038	106,698
Borrowings	325,348	218,328	325,348	218,328
Derivative financial liabilities	7,517	9,489	2,528	284
Other payables	78,666	58,629	72,248	52,364
Provisions	8,320	4,193	8,320	4,193
Other liabilities	17,092	12,847	14,134	11,437
Contract liabilities	148,567	107,381	147,730	107,381
Lease liabilities	167,825	15,051	166,295	13,605
	<b>961,883</b>	<b>555,424</b>	<b>901,641</b>	<b>514,290</b>
<b>Non-current liabilities</b>				
Borrowings	1,239,681	1,097,066	1,204,681	1,062,066
Derivative financial liabilities	2,243	1,077	2,242	1,077
Provisions	19,938	20,970	19,001	20,560
Retirement benefit obligations	893	126	728	-
Lease liabilities	54,364	28,164	51,724	24,724
	<b>1,317,119</b>	<b>1,147,403</b>	<b>1,278,376</b>	<b>1,108,427</b>
<b>Total liabilities</b>	<b>2,279,002</b>	<b>1,702,827</b>	<b>2,180,017</b>	<b>1,622,717</b>
<b>Equity</b>				
Share capital	480,756	480,756	480,756	480,756
Capital surplus	652,814	652,814	651,483	651,483
Other reserves	1,058,575	1,059,453	1,067,806	1,067,309
Retained earnings (deficit)	649,644	386,620	617,633	353,044
Equity attributable to owners of the Group & Company	<b>2,841,789</b>	<b>2,579,643</b>	<b>2,817,678</b>	<b>2,552,592</b>
<b>Total equity</b>	<b>2,841,789</b>	<b>2,579,643</b>	<b>2,817,678</b>	<b>2,552,592</b>
<b>Total equity and liabilities</b>	<b>5,120,791</b>	<b>4,282,470</b>	<b>4,997,695</b>	<b>4,175,309</b>

**1.(b)(ii) Aggregate amount of group's borrowings and debt securities(in thousands of US\$)**

	September 30, 2021		December 31, 2020	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less	198,195	127,153	168,482	49,846
Amount repayable after one year	1,025,232	214,449	927,463	169,603
	<u>1,223,427</u>	<u>341,602</u>	<u>1,095,945</u>	<u>219,449</u>

**Details of collateral**

The Group's borrowings are secured by way of :

- legal mortgages over certain vessels or building and land of the Company ;
- legal charges over certain bank accounts ; and
- assignment of insurance of certain vessels

**1.(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (in thousands of US\$).**

	<b>The Group</b>	
	<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	360,756	327,371
Interest paid	(29,404)	(31,177)
Income tax paid	(3,827)	(694)
<b>Net cash inflow(outflow) by operating activities</b>	<b>327,525</b>	<b>295,500</b>
<b>Cash flows from investing activities</b>		
Acquisition of vessels, property and equipment	(234,961)	(186,651)
Acquisition of intangible assets	(233)	(708)
Proceeds from sale of vessels, property and equipment	19	10,956
Proceeds from sale of Held for sale assets	8,758	-
Proceeds from sale of intangible assets	245	273
Acquisition of other financial assets	(10,145)	(12,580)
Proceeds from sale of other financial assets	8,075	10,719
Acquisition of investments in associates	(28,000)	(11,428)
Acquisition of investments in subsidiaries	-	(67,500)
Proceeds from government grants	5,638	-
Dividend received	2,719	39
Increase in other receivables	(41,714)	(17,432)
Decrease in other receivables	37,682	833
Interest received	612	1,511
<b>Net cash inflow(outflow) from investing activities</b>	<b>(251,305)</b>	<b>(271,968)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	421,300	205,717
Repayment of borrowings	(337,715)	(256,168)
Repayments of lease liabilities	(59,478)	(12,404)
Payment of financial prepayments	(6,631)	-
Dividend paid	(24,054)	-
<b>Net cash inflow(outflow) financing activities</b>	<b>(6,578)</b>	<b>(62,855)</b>
Currency translation differences (cash and cash equivalents)	(3,463)	453
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>66,179</b>	<b>(38,870)</b>
Cash and cash equivalents at beginning of the year	218,346	220,516
<b>Cash and cash equivalents at end of the period</b>	<b>284,525</b>	<b>181,646</b>

**1.(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (in thousands of US\$)**

	Attributable to owners of the Group				Non-controlling Interest	Total equity
	Share capital	Capital surplus	Other reserves	Retained Earning		
Balance as of January 1, 2020	480,755	652,814	1,051,352	308,103	11,321	2,504,345
<b>Comprehensive income (loss)</b>						
Profit(loss) for the period	-	-	-	88,453	(1,529)	86,924
<b>Items that will be reclassified subsequently to profit or loss:</b>						
Changes in the fair value of derivative financial assets and liabilities	-	-	(1,442)	-	-	(1,442)
Share of the other comprehensive income of associates and joint ventures	-	-	(21)	-	-	(21)
<b>Items that will not be reclassified to profit or loss:</b>						
Remeasurements of defined benefit liability	-	-	-	(17)	-	(17)
Exchanges differences	-	-	9,271	-	7	9,278
<b>Transactions with owners recorded directly in equity:</b>						
Changes in equity due to debt to equity swap	-	-	3	-	-	3
Additional acquisition of the non-controlling interest without a change in control	-	-	(1,952)	-	(9,476)	(11,428)
<b>Balance at September 30, 2020</b>	<u>480,755</u>	<u>652,814</u>	<u>1,057,211</u>	<u>396,539</u>	<u>323</u>	<u>2,587,642</u>
Balance as of January 1, 2021	480,756	652,814	1,059,453	386,620	-	2,579,643
<b>Comprehensive income (loss)</b>						
Profit(loss) for the period	-	-	-	287,135	-	287,135
<b>Items that will be reclassified subsequently to profit or loss:</b>						
Changes in the fair value of derivative financial assets and liabilities	-	-	497	-	-	497
Share of the other comprehensive income of associates and joint ventures	-	-	(87)	-	-	(87)
Exchanges differences	-	-	(1,288)	-	-	(1,288)
<b>Items that will not be reclassified to profit or loss:</b>						
Remeasurements of defined benefit liability	-	-	-	(55)	-	(55)
<b>Transactions with owners recorded directly in equity:</b>						
Dividends	-	-	-	(24,056)	-	(24,056)
<b>Balance as of September 30, 2021</b>	<u>480,756</u>	<u>652,814</u>	<u>1,058,575</u>	<u>649,644</u>	<u>-</u>	<u>2,841,789</u>

	Attributable to owners of the Company				Total equity
	Share capital	Capital surplus	Other reserves	Retained Earning	
Balance as of January 1, 2020	480,755	651,483	1,068,368	275,977	2,476,583
<b>Comprehensive income (loss)</b>					
Profit(loss) for the period	-	-	-	98,005	98,005
<b>Items that will be reclassified subsequently to profit or loss:</b>					
Changes in the fair value of derivative financial assets and liabilities	-	-	(1,442)	-	(1,442)
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurements of defined benefit liability	-	-	-	(59)	(59)
Exchanges differences	-	-	3	-	3
<b>Balance at September 30, 2020</b>	<b>480,755</b>	<b>651,483</b>	<b>1,066,929</b>	<b>373,923</b>	<b>2,573,090</b>
Balance as of January 1, 2021	480,756	651,483	1,067,309	353,044	2,552,592
<b>Comprehensive income (loss)</b>					
Profit(loss) for the period	-	-	-	288,751	288,751
<b>Items that will be reclassified subsequently to profit or loss:</b>					
Changes in the fair value of derivative financial assets and liabilities	-	-	497	-	497
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurements of defined benefit liability	-	-	-	(106)	(106)
<b>Transactions with owners recorded directly in equity:</b>					
Dividends	-	-	-	(24,056)	(24,056)
<b>Balance as of September 30, 2021</b>	<b>480,756</b>	<b>651,483</b>	<b>1,067,806</b>	<b>617,633</b>	<b>2,817,678</b>

**1.(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

<i>(in shares)</i>	<u>September 30, 2021</u>		<u>December 31, 2020</u>	
	<u>Number of shares issued</u>	<u>Outstanding stock</u>	<u>Number of shares issued</u>	<u>Outstanding stock</u>
Beginning number of shares	534,569,512	534,569,512	534,569,207	534,569,207
Debt-equity swap	-	-	305	305
Ending number of shares	534,569,512	534,569,512	534,569,512	534,569,512

**1.(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<u>The Issuer</u>	<u>The Issuer</u>
	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Total number of issued shares	534,569,512	534,569,512
Less number of shares held as treasury shares	-	-
Total number of issued shares excluding treasury shares of the issuer	534,569,512	534,569,512

**1.(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current period and as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have been reviewed in accordance with Korean International Financial Reporting Standards

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in financial statements for the period ended 30 September 2021 compared with the audited financial statements for the year ended 31 December 2020 except as stated item 5 as below.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2021.

- *Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement, Korean IFRS 1107 Financial Instruments: Disclosure, Korean IFRS 1104 Insurance Contracts and Korean IFRS 1116 Lease – Interest Rate Benchmark Reform*

In relation to interest rate benchmark reform, the amendments provide exceptions including adjust effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced, and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The amendments should be applied for annual periods beginning on or after January 1, 2021, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

	<u>The Group</u>	<u>The Group</u>
	<u>2021</u>	<u>2020</u>
	<b>Nine months</b>	<b>Nine months</b>
	<b>ended Sep 30</b>	<b>ended Sep 30</b>
Earnings per share for profit attributable to owners of the Company during the period (expressed in US\$ per share)		
(a) Basic	0.54	0.10
(b) Diluted	0.54	0.10



**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the**

**(a) Current financial period reported on; and**

**(b) Immediately preceding financial year (in US\$).**

	<u>The Group</u>		<u>The Company</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Net asset value per ordinary share based on issued share capital of the issuer	5.32	4.83	5.27	4.78

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**(1) Income Statement**

**FY 2021 3Q VS FY 2020 3Q**

The group achieved sales of US\$ 2,775 million, increase of 77.5% compared to the same period in the prior year. And Costs of sales was increased from US\$ 1,378 million as of 2020 3Q to US\$ 2,409 million as of 2021 3Q.

The group recorded operating profit of US\$ 311 million in 2021 3Q, as compared to the operating profit of US\$ 137 million in the corresponding period of preceding financial year.

For the non-operating profit, the group recorded finance cost of US\$ 38 million in 2021 3Q.

Consequently, Profit for the period, which had recorded US\$ 287 million in 2021 3Q, as compared US\$ 87 million in 2020 3Q.

**(2) Balance Sheet & Cash Flow**

The group's total assets increased US\$ 839 million, from US\$ 4,282 million as of 31 December 2020 to US\$ 5,121 million as of 30 September 2021.

Total liabilities of the Group increased US\$ 576 million, from US\$ 1,703 million as of 31 December 2020 to US\$ 2,279 million as of 30 September 2021.

Cash flows from operating activities were surplus amounting to US\$ 328 million but Net cash used in investing activities for 2021 3Q recorded the deficit amounting to US\$ 251 million. And financing activities for 2021 3Q recorded the deficit amounting to US\$ 7 million.

**9. Where a forecast or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The dry bulk market in 2021 continues a steady rally with an increase in economic activities and each nation's economic stimulus package. Typically the first half year showed sluggish period due to the heavy rainy season both in Brazil and Australia. Meanwhile in 2021, Iron Ore volumes have increased with strong digest from China by increase in the crude steel production and less impacts from heavy rains from both Brazil and Australia.

Also, as the economies recovered rapidly, the demand for minor cargoes such as steel products rose enormously, the coal demand started to recover with rising economic activities, and owing to bullish container market, some of the container cargo stems have switched to breakbulk cargoes for competitive-gearred vessels. These positive environments brought the average Baltic Dry Index (BDI) to reach 2,764p for Q1-Q3 2021, which rose about 3 times higher than it of in the same period of 2020. According to the International Monetary Fund's World Economic Outlook report released in July, the world's GDP growth rate for 2021 was forecasted to 6.0%, corresponding to previous projection. This is driven by each nation's hefty economic impetus from stimulus programmes and the rapid vaccine distribution. The total dry bulk seaborne trade volume in 2021 is expected to increase by 3.7% to 5.36 billion tons by positive factors such as improved management of the pandemic and the many country's economic stimuli, even though there are still some concern on the slowdown in China's economy recovery and the inequality in each nation's recovery by the difference in the policy supports. The iron ore demand is expected to increase by 1.7% to 1.53 billion tons thanks to the increased crude steel production from Asia(excluding China) and Europe and normalization of Brazil's production capability. The coal demand is expected to increase by 4.7% to 1.22 billion tons thanks to the recovery of electricity demand due to rising economical activities. The grain demand is expected by 2.3% to 0.52 billion tons considering China's growing demand of animal feed. As for the demand of minor cargoes, it is expected to increase by 4.9% to 2.09 billion tons based on the recovery of global economy and the strong infrastructure investment.

In the meantime, as the environmental related enforcement in coming year and the reduced investment sentiment by Covid19, the newbuilding contracts decreased in past years. Consequently, newbuilding deliveries in '21 Q1-Q3 have been decreased by 23% YoY to 30.9 million DWT, and the scrapping volume in Q1-Q3 2021 also decreased to 10.8million DWT, 55% lower than corresponding period in 2020. As a result, the total fleet growth rate of 2021 is expected to be 3.4%, decreased by 0.4%p compared to those of 2020.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? **No**

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? **No**

### (c) Date payable

Not applicable.

### (d) Books closure date

Not applicable.

## 12. If no dividend has been declared or recommended, a statement to that effect and the reason(s) for the decision

Not applicable.

## 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	Nine months Ended 30 Sep. 2021.	Nine months Ended 30 Sep. 2020.	Nine months Ended 30 Sep. 2021.	Nine months Ended 30 Sep. 2020.
PanOcean(America), Inc.	-	43,620 <sup>3)</sup>	-	15,081 <sup>1)</sup>
Sunjin Co., Ltd.	-	3,809 <sup>7)</sup>	5,956 <sup>2)</sup>	15,056 <sup>2)</sup>
Farmsco	-	3,809 <sup>7)</sup>	10,270 <sup>2)</sup>	24,403 <sup>2)</sup>
Jeil Feed Company, Ltd.	-	3,809 <sup>7)</sup>	11,478 <sup>2)</sup>	15,437 <sup>2)</sup>
Harim Co., Ltd.	-	-	5,571 <sup>2)</sup>	15,971 <sup>2)</sup>
Orpum Co., Ltd.	-	-	1,796 <sup>2)</sup>	5,057 <sup>2)</sup>
Harim Holdings Co.,Ltd.	1,357 <sup>4)</sup>	1,096 <sup>4)</sup>	-	-
Harim USA, Ltd.	39,824 <sup>5)</sup>	7,365 <sup>6)</sup>	-	-
Total	41,181	63,508	35,071	91,005

1) Sales relating to voyage and Agent commission under shareholders' mandate pursuant to Rule 920

2) The group's effective interest of transaction relating to sales grain to interested person (Sunjin, Farmsco, Jeil Feed Company, Harim, Orpum)

3) Provided performance gurantee, finance gurantee for the period and commission fee

4) The group's shared expenses (Harim Holdings Co., Ltd.), etc.

5) Acquisition of shares relating to Harim USA, Ltd. by paid-in capital increase and grain sales to Harim USA, Ltd.

6) The group's effective interest of transaction relating to lending of money to interested person (Harim USA, Ltd.)

7) Acquisition of non-controlling interests relating to PanOcean(America), Inc.

#### 14. Reconciliations of K-IFRS with IFRS

There has been a change in listing status of the Group on the Mainboard of the SGX-ST from primary listing to secondary listing since 23 January 2013 and in compliance with statutory reporting purposes, the Group continues to prepare consolidated financial statements in accordance with Korea International Financial Reporting Standards (“K-IFRS”).

The Group adopted the amendments pursuant to the amended K-IFRS No. 1001, ‘Presentation of Financial Statements’ from the annual period ended December 31, 2012. The Group’s operating profit (loss) is calculated as revenue less: (1) cost of goods sold, and (2) selling, general and administrative expenses, and is presented separately in the consolidated statement of comprehensive income.

Whereas, IFRS does not explicitly define operating profit (loss), but it is interpreted that all profit (loss) items except ones clearly excluded from operating activities be included in operating profit (loss).

Based on this interpretation, the operating profit (loss) of the Group for 2021 3Q and 2020 3Q shall be adjusted as below:

*(In thousands of US dollars)*

	<b>The Group</b>	
	<b>2021 3Q</b>	<b>2020 3Q</b>
Operating profit(loss) In K-IFRS	311,451	137,464
Adjustment :		
Gain on sale of vessels, property and equipment	14	10
Loss on sale of vessels, property and equipment	(840)	(5,487)
Loss on impairment of vessels, property and equipment	(8,934)	(5,861)
Gain on sale of Intangible assets	170	-
Loss on sale of Intangible assets	-	12
Gain (loss) on valuation of derivatives, net	2,256	(446)
Gain (loss) on derivative transactions, net	5,263	(3,264)
Gain (loss) on foreign currency translations, net	(4,290)	(101)
Gain (loss) on foreign currency transactions, net	1,886	(10,035)
Expense of provision and marine accident	(894)	(3,042)
Donations	(1,078)	(846)
Other	92	2,261
Operating profit(loss) In IFRS	<u>305,096</u>	<u>110,665</u>